

September 15, 2016

TO THE ADMINISTRATOR ADDRESSED:

Subject: 2015–2016 Near-Final *Summary of Finances*

A Near-Final *Summary of Finances* (SOF) report for the 2015–2016 school year is available at the Texas Education Agency (TEA) [School District State Aid Reports](#) web page. The reports reflect the following important updates and information available at the time of publication (items with an asterisk [*] do not apply to charter schools):

Average Daily Attendance (ADA) and Full-Time Equivalents (FTEs):

Student attendance is one of the major drivers of funding on the SOF. As such, it is important to submit accurate projections to the TEA during the projections process, as those numbers will ultimately be used to drive cash flow via the Legislative Payment Estimate (LPE) column on the SOF until final attendance data are available. This Near-Final SOF reflects the updated student attendance data submitted by school districts and charter schools through the Public Education Information Management System (PEIMS) in the summer of 2016 for the 2015–2016 school year. Line 7 of the SOF shows the near-final calculation of students in weighted average daily attendance (WADA).

Although Texas Education Code (TEC) §42.005(b) provides for assistance for districts with declining enrollment, the 2015 General Appropriations Act did not provide an appropriation for this purpose. Therefore, no adjustments for declining enrollment will be made for the 2015–2016 school year.

Property Value Decline:

Although Texas Education Code (TEC) §42.2521 provides for adjustments for a rapid decline in taxable value of property, the 2015 General Appropriations Act did not provide an appropriation for this purpose. Therefore, no adjustments for declining property value will be made for the 2015–2016 school year.

Tax Collections:

School Districts: This SOF uses the maintenance and operations (M&O) and interest and sinking fund (I&S) tax collections that your district reported through the Tax Information Survey subsystem of the Foundation School Program (FSP) System in summer 2016. If your district did not complete the survey, the budgeted tax collections for the 2015–2016 school year as reported through the PEIMS will continue to be used until tax collections reported in the 2015–2016 annual financial report are incorporated in the final version of the SOF in April 2017. If your district receives an Instructional Facilities Allotment for a lease-purchase agreement, your district's local share of the allotment has been subtracted from the M&O tax collection amount. If your district participates in a tax increment reinvestment zone (TIRZ), the local collections for the TIRZ submitted on the J1 schedule in your district's 2015–2016 annual financial report will

be subtracted from your district's M&O collections in April 2017.

Charter Schools: The M&O tax collections reported by school districts through the Tax Information Survey subsystem of the FSP system in summer 2016 have been used to determine the statewide average variables for charter schools.

***Adjustment to the Compressed Tax Rate for Certain School Districts:**

Eligible districts who requested this adjustment will have any tax effort currently allocated to the second level of Tier II, equalized at \$31.95 per penny of tax effort per student in weighted average daily attendance (WADA), applied to the district's compressed tax rate in Tier I up to a maximum of \$1.00. District's basic allotments will be calculated using the new higher compressed tax rate. For school districts subject to the recapture provisions of Chapter 41, some tax effort currently recaptured based on an equalized wealth level (EWL) of \$319,500 of property wealth per WADA will be shifted into the first level of recapture, based on an EWL of \$514,000 of property wealth per WADA. Tax rate conversion will not impact the level of tax effort that is allocated to the first six pennies beyond the CTR, sometimes referred to as the golden penny tier.

Per Capita Rate:

A rate of \$180.320 multiplied by the prior-year ADA is used to calculate the [per capita](#) allotment.

***Public Education Grant Allotment:**

The [Public Education Grant](#) allotment is not included in this SOF. It will be incorporated in the final version of the SOF in April 2017.

New Instructional Facility Allotment (NIFA):

[NIFA](#) provides an allotment of \$250 per student in average daily attendance (ADA) to eligible school districts and charter schools to pay for operational expenses associated with opening new instructional facilities. These allotments are included in the SOF for districts with approved applications.

Transportation Allotment:

Your school district's or charter school's 2015–2016 near-final transportation allotment is based on the 2015–2016 route services data submitted using the Transportation subsystem of the FSP System. If your district did not submit 2015–2016 route services data please submit immediately and we will update the transportation allotment on your SOF by final settle up in April 2017. Otherwise, your transportation allotment will be zeroed in the final SOF.

High School Allotment:

Your school district's or charter school's high school allotment is calculated by multiplying its high school (grades 9–12) ADA by \$275.

***State Aid Reduction for WADA Sold:**

For a Chapter 42 district that entered into an Option 4 agreement with a Chapter 41 district, the reduction in state aid for selling WADA has been recalculated using the district's near-final revenue per WADA. The report entitled *State Aid Reduction for WADA Sold*, available by first clicking the "Other Programs Detail Report" link on line 44 of the SOF and then clicking the "Detail Report" link in line 1 of the *Other Programs Detail Report*, shows how this latest WADA charge is derived. The number of WADA being sold does not reflect the near-final WADA that

the Chapter 41 district must purchase. The number of WADA bought or sold may need to be adjusted depending on the near-final Chapter 41 *Cost of Recapture Report*.

Staff Salary Allotment:

Your school district's or charter school's staff salary allotment is calculated by multiplying its number of eligible staff members by \$500 or \$250, depending on the staff members' full-time or part-time status. The allotment has been updated using 2015–2016 counts submitted using the Staff Salary subsystem of the FSP System. If your district did not submit 2015–2016 staff salary data please submit immediately and we will update the staff salary allotment on your SOF by final settle up in April 2017. Otherwise, your staff salary allotment will be zeroed in the final SOF.

***Existing Debt Allotment (EDA):**

A report entitled *EDA State Aid Report*, available by clicking the "EDA Detail Report" link on line 49 of the SOF, reflects the near-final state and local shares of the [EDA](#) based on updated ADA and district property values. Settle-up amounts for 2015–2016 will be incorporated into the 2016–2017 EDA payments, which we expect to make in November. If your district does not have a sufficient EDA entitlement in 2016–2017 to net against a negative balance from 2015–2016, the remaining negative balance will be transferred to the foundation payment ledger and netted against other state aid. If your district refinanced eligible debt during 2015–2016, please verify that the information on the *EDA State Aid Report* and in the FSP System's Bond Programs subsystem has been updated correctly.

***Instructional Facilities Allotment (IFA):**

A report entitled *IFA Allotment Detail*, available by clicking the "Details" link on line 50 of the SOF, reflects the near-final state and local shares of the [IFA](#) based on updated ADA values and district property values. Settle-up amounts for 2015–2016 will be incorporated into the 2016–2017 IFA payments, which we expect to make in November. If your district does not have a sufficient IFA entitlement in 2016–2017 to net against a negative balance from 2015–2016, the remaining negative balance will be transferred to the foundation payment ledger and netted against other state aid. If your district refinanced eligible debt during 2015–2016, an amendment is required and adjustments may be necessary.

***Additional State Aid for Homestead Exemption (ASAHE) for facilities:**

A report entitled *Additional State Aid for Homestead Exemption (ASAHE) for Facilities Detail Report* available by clicking the "ASAHE for Facilities Detail Report" link on line 52 of the SOF, reflects the near-final ASAHE allotment based on updated ADA and district property values. Settle-up amounts for 2015–2016 will be incorporated into the 2016–2017 EDA payments, which we expect to make in November. If your district does not have a sufficient EDA entitlement in 2016–2017 to net against a negative balance from 2015–2016, the remaining negative balance will be transferred to the foundation payment ledger and netted against other state aid.

The report entitled *FSP Allocations and Adjustments*, available by clicking the "FSP Allocations and Adjustments Report" link at the end of the SOF, shows the amount of your school district's near-final settle up. If your school district or charter school was **underpaid**, the amount owed to the district or to the school will be paid this month. If your school district or charter school was **overpaid**, recovery of the amount overpaid starts this month and will continue to be made by reducing the district's or school's 2016–2017 monthly payments from the Foundation School Fund (FSF). The rate of recovery will be based on the same percentage that FSF monthly payments are based on in accordance with your district's or school's 2016–2017 payment class.

Your school district's or charter school's 2015–2016 FSP payment ledger is also available at <https://tea4avfawcett.tea.texas.gov/Fsp/Reports/ReportSelection.aspx> (select "Payment Ledgers" from the drop-down list).

If you have any questions about the *SOF* report, please contact a state funding consultant at (512) 463-9238. Additional contact information appears at the end of this letter.

Sincerely,

Al McKenzie
Director of State Funding
State Funding Division Contact Information:

STATE FUNDING DIVISION CONTACT INFORMATION

General *SOF* (Chapter 42) and TEASE (FSP Application) Questions

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Additional Homestead Exemption Hold Harmless

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Adjustment to the Compressed Tax Rate for Certain School Districts

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Transportation Funding, Staff Salary Allotment

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